

STAFF PROPOSED AMENDMENT NO. 1



0000153479

TIME/DATE PREPARED: 4:00, May 20, 2014

COMPANY: Payson Water Company

AGENDA ITEM NO. 1

DOCKET NO(S). W-03514A-13-0111/W-03514A-13-0142 OPEN MEETING DATE: 5/22/14

Attached is a revised Purchased Water Adjustor Mechanism ("PWAM") Tariff (Exhibit A). The revised Exhibit A makes clarifying changes, including correcting errant references to "MDC" to "PWC" and clarifying the timing of the information PWC must provide to Staff. Payson Water Company ("PWC") shall notify Staff of its intent to bill Mesa Del Caballo ("MDC") customers through the PWAM prior to such billing. PWC must provide the information listed in Section IV(B) 1 through 6 "at the time it bills the PWAM to MDC customers."

ORIGINAL

Arizona Corporation Commission

DOCKETED

MAY 21 2014

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AZ CORP COMMISSION
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**** Make all conforming changes**

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____

**PURCHASED WATER ADJUSTOR MECHANISM ("PWAM")
TARIFF
FOR MESA DEL CABALLO**

I. Purpose and Applicability

The purpose of this tariff is to provide for recovery of the costs of water purchased through an interconnection between the Town of Payson and Payson Water Co., Inc. in order to obtain supplemental water supplies for its Mesa Del Caballo ("MDC") system. This tariff is applicable only to MDC customers. These charges are applicable to all MDC connections and will be assessed based on usage, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

"Avoided Production Costs" means the unit cost of production (cost per 1,000 gallons) avoided by PWC because of the use of water purchased from the Town of Payson rather than pumping groundwater from the wells and booster stations in the MDC water system.

"PWC" means Payson Water Co., Inc.

"Purchased Water Cost" means the actual cost billed by the Town of Payson for water purchased through the interconnection between the Town of Payson's water system and the MDC water system.

"Purchased Water" means the actual quantity (in thousands of gallons) of water purchased by PWC from the Town of Payson and transported through the interconnection between the Town of Payson's water system and the MDC water system.

"PWAM Surcharge" means the surcharge calculated in accordance with Section IV below.

"PWAM Surcharge Rate" means the rate per 1,000 gallons that is calculated in accordance with Section III below.

"Town" means the Town of Payson.

"Water Sold" means the actual quantity (in thousands of gallons) of water sold by PWC to MDC customers during the month corresponding to the month in which water was purchased from the Town and transported through the interconnection between the Town's water system and the MDC water system.

III. PWAM Surcharge Rate Calculation

For each month that PWC purchases water from the Town through the interconnection between the Town's water system and the MDC water system, PWC will calculate the PWAM Surcharge Rate per the following formula:

$$[\text{Purchased Water Cost} - (\text{Purchased Water Quantity} \times \text{Avoided Production Costs})] / \text{Water Sold}$$

IV. Terms and Conditions

(A) Assessment and Billing of PWAM Surcharge: For any month in which water is purchased from the Town, after completing its billing for the month and receiving the Town's billing for the month, PWC will make the PWAM surcharge calculation to determine the PWAM Surcharge Rate.

In the following month, PWC will bill the PWAM Surcharge to its MDC customers only. Each individual customer's billing for the PWAM Surcharge will be based on that customer's actual usage for the previous month (the month corresponding to the water purchase from the Town) times the PWAM Surcharge Rate.

The PWAM Surcharge shall be presented as a separate line item on the customer billing.

(B) Notice to Commission: For any month in which PWC intends to bill MDC customers a PWAM Surcharge, PWC shall provide Commission Staff notice of PWC's intent to bill the PWAM Surcharge. At the time it bills the PWAM to MDC Customers, PWC shall provide Commission Staff the following:

1. The Purchased Water Cost.
2. The Purchased Water Quantity.
3. A copy of the bill received for the purchase of water from the Town.
4. A description of the system problem necessitating purchasing of water and a description of the action being taken by PWC to resolve the problem, including the date operations did or are expected to return to normal.
5. The dates for beginning and ending purchasing water.
6. A schedule showing the calculation of the PWAM Surcharge Rate in excel format with formulas intact, including a schedule showing the determination of the Avoided Production Costs.